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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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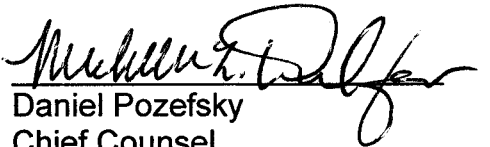
IN THE MATTER OF THE APPLICATION OF  
ARIZONA WATER COMPANY, AN ARIZONA  
CORPORATION, FOR A DETERMINATION  
OF THE FAIR VALUE OF ITS UTILITY  
PLANT AND PROPERTY, AND FOR  
ADJUSTMENTS TO ITS RATES AND  
CHARGES FOR UTILITY SERVICE  
FURNISHED BY ITS EASTERN GROUP  
AND FOR CERTAIN RELATED  
APPROVALS.

Docket No. W-01445A-11-0310

### NOTICE OF ERRATA

The RESIDENTIAL UTILITY CONSUMER OFFICE ("RUCO") hereby provides notice of  
Errata to the Direct Testimony of William A. Rigsby, CRRA, in the above-referenced matter.  
The changes are on page 2, line 8, of Mr. Rigsby's Direct Testimony and page 3, line 15-17 of  
Mr. Rigsby's Direct Testimony on Cost of Capital.

1 RESPECTFULLY SUBMITTED this 13th day of March, 2012.

2  
3   
4 Daniel Pozefsky  
Chief Counsel

5 AN ORIGINAL AND THIRTEEN COPIES  
6 of the foregoing filed this 13th day  
of March, 2012 with:

7 Docket Control  
8 Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

9 COPIES of the foregoing hand delivered/  
10 mailed this 13th day of March, 2012 to:

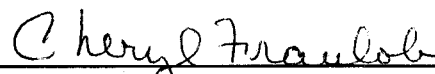
11 The Honorable Lyn Farmer  
12 Administrative Law Judge  
Hearing Division  
13 Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

Steven A. Hirsch  
Stanley B. Lutz  
Bryan Cave LLP  
Two North Central Avenue, Suite 2200  
Phoenix, AZ 85004

14 Janice Alward, Chief Counsel  
15 Wes Van Cleve  
Legal Division  
16 Arizona Corporation Commission  
1200 West Washington  
17 Phoenix, Arizona 85007

Kathie Wyatt  
1940 N. Monterey Drive  
Apache Junction, AZ 85120

18 Steven M. Olea, Director  
19 Utilities Division  
Arizona Corporation Commission  
1200 West Washington  
20 Phoenix, Arizona 85007

By   
Cheryl Fraulob

21 Robert W. Geake  
22 Vice President and General Counsel  
Arizona Water Company  
Post Office Box 29006  
23 Phoenix, Arizona 85038-9006  
24

1 Company's Eastern Group operating systems. AWC filed its Application  
2 with the Arizona Corporation Commission ("ACC" or "Commission") on  
3 August 5, 2011 using a test year ending on December 31, 2010 ("Test  
4 Year").

5  
6 **Q. Will RUCO be filing testimony on the required revenue, rate design  
7 and cost of capital issues associated with AWC's Application?**

8 A. Yes. RUCO witness Robert B. Mease will provide direct testimony  
9 presenting RUCO's recommendations on required revenue and rate  
10 design. As I noted above, I have filed, under separate cover, direct  
11 testimony on the cost of capital issues in this case.

12  
13 **SUMMARY OF TESTIMONY AND RECOMMENDATIONS**

14 **Q. Please summarize the specific issues that you will address in your  
15 direct testimony.**

16 A. My direct testimony will address AWC's requests for a Distribution System  
17 Improvement Charge ("DSIC"), the continuation of the Company's Arsenic  
18 Cost Recovery Mechanism ("ACRM"), consolidation of AWC's San  
19 Manuel, Oracle and SaddleBrooke Ranch operating systems into a  
20 Company-proposed Falcon Valley System, a rate design that addresses  
21 declining usage, and the Company's request for an Off-Site Facilities Fee  
22 that delays recognition of contributions-in-aid-of-construction ("CIAC") as a

1 include San Manuel, Oracle, SaddleBrooke Ranch and Winkleman. In this  
2 rate case proceeding AWC is requesting that San Manuel, Oracle and  
3 SaddleBrooke Ranch be consolidated into a Company-proposed Falcon  
4 Valley System.

5  
6 **Q. Is this your first case involving AWC?**

7 A. No. I have been involved with a number of AWC proceedings dating back  
8 to 2001.

9  
10 **Q. What areas will you address in your direct testimony?**

11 A. I will address the cost of capital issues associated with the case.

12  
13 **Q. Will RUCO also offer direct testimony on the rate base, operating  
14 income and rate design issues in this proceeding?**

15 A. Yes. The rate base and operating income issues associated with the case  
16 will be addressed by RUCO witness Robert B. Mease. Mr. Mease will  
17 also file testimony on RUCO's rate design

18  
19 **Q. Please explain your role in RUCO's analysis of AWC's Application.**

20 A. I reviewed AWC's Application and performed a cost of capital analysis to  
21 determine a fair rate of return on the Company's invested capital. In  
22 addition to my recommended capital structure, my direct testimony will  
23 present my recommended cost of common equity (the Company has no